

Message Text

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PAGE 01 SANTIA 01635 132328 Z

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ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 PA-03 PRS-01 USIA-12 RSR-01 /108 W
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R 132235 Z APR 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASH DC 4043

UNCLAS SANTIAGO 1635

E.9. 11652: N/A

TAGS: EIND, CI

SUBJ: CORFO AUTHORIZED TO SIGN AGREEMENT WITH FOREIGN
SHAREHOLDERS OF MADECO

PASS OPIC AND EX- IM

1. APRIL 10 DIARIO OFICIAL PUBLISHED FINANCE MINISTRY
DECREE AUTHORIZING CORFO TO ENTER INTO APPARENTLY ALREADY-
NEGOTIATED AGREEMENT WITH FOREIGN SHAREHOLDERS OF MANUFACTURAS
DE COBRE S. A. (MADERCO) WHICH HAS BEEN REQUISITIONED BY GOC SINCE
SEPT 1971. THESE SHAREHOLDERS (CEAT INTERNATIONAL, GENERAL
CABLE, HELLEBORUS ANSTALTS, AND MAYTREE FINANCIAL AND INVEST-
MENT CORPORATION) REPORTEDLY HOLD 41.6 PERCENT OF STOCK.
ONE PART OF AGREEMENT INVOLVES CORFO COMMITMENT TO PURCHASE
SHARES OF FOREIGN INVESTORS VALUED AT \$4.1 MILLION. PAY-
MENT WILL BE MADE IN 13 SEMI- ANNUAL PAYMENTS TO BEGIN 2
YEARS FROM DATE OF ANY OF FOLLOWING: (A) DISSOLUTION OF
MADECO, (B) DECLARED BANKRUPTCY OF MADECO, (C) TERMINA-
TION OF TECHNICAL ASSISTANCE CONTRACTS OF GENERAL CABLE
OR CEAT INTERNATIONAL. IN ANY CASE, PAYMENTS WILL BEGIN
NO LATER THAN JANUARY 12, 1982 AND WILL BE MADE IN US DOLLARS
IN NEW YORK OR LAUSANNE AT OPTION OF FOREIGN SHAREHOLDERS.
SECOND PART OF AGREEMENT GUARANTEES THAT PRIOR TO PURCHASE
FOREIGN INVESTORS WILL RECEIVE MINIMUM 6 PERCENT PROFIT
ON BASIS OF INVESTMENT BEGINNING IN 1972, WITH PAYMENTS
FOR 1972 TO BE MADE CONCURRENTLY WITH 1973 AND 1974
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PAGE 02 SANTIA 01635 132328 Z

PAYMENTS.

2. ON APRIL 11 COMMUNIST- DAILY EL SIGLO RAN LONG STORY
ON MADECO' S VALIANT EFFORTS TO / WIN THE BATTLE OF PRODUC-
TION" DESPITE LACK OF FOREIGN EXCHANGE TO IMPORT RAW
MATERIALS. CITED EXAMPLES OF FOREIGN EXCHANGE SAVINGS
THROUGH USE OF LOCAL RAW MATERIALS AND INCREASED PRODUCTI-
VITY OF WORKERS. CLAIMED THAT PRODUCTION HAD INCREASED 54
PERCENT IN 1972 AND NOTED EXPECTATIONS THAT 1973 PRODUCTION
WOULD INCREASE 10-20 PERCENT OVER 1972.
DAVIS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SANTIA01635
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730442/aaaaincj.tel
Line Count: 80
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 23 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Nov-2001 by averetam>; APPROVED <19 FEB 2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980113; jms 980113
Subject: CORFO AUTHORIZED TO SIGN AGREEMENT WITH FOREIGN SHAREHOLDERS OF MADECO
TAGS: EIND, CI
To: ARA
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005